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UNCLAS SECTION 01 OF 02 VILNIUS 000470

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TAGS: [PREL](#) [PGOV](#) [LH](#)
SUBJECT: LITHUANIA'S RULING COALITION ENCOUNTERS MORE TROUBLE

REFS: A. Vilnius 431

[1](#)B. Vilnius 376 and previous
[1](#)C. Vilnius 469

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SUMMARY

[1](#)1. (SBU) Lithuania's three-party governing coalition is defending itself against yet another challenge to its rule, even as a new party is maneuvering to join. New Parliament Speaker Viktoras Muntianas is leading the new Civil Democracy Party bid for coalition membership, demanding a cabinet seat and parliamentary committee spots. Meanwhile the coalition's largest party faces an investigation into allegations of bribe-taking and the opposition leadership is threatening votes of no-confidence against up to three sitting cabinet ministers. While we do not expect that the opposition will take the government down, these are not the happiest of times for the coalition. End summary.

A NEW PARTY

[1](#)2. (SBU) Split-away Labor Party members, non-affiliated MPs, and some Liberal Democrats formally established the Civil Democracy Party on May 14, electing the Speaker of Parliament, Viktoras Muntianas, its chairman. While the Civil Democracy group's 12 MPs declared support for the coalition's program, they have expressed dissatisfaction with the ongoing negotiations of a special agreement among parliamentary groups that would grant it secondary status.

[1](#)3. (U) The Civil Democracy group's size in Parliament makes it the third largest of four parliamentary groups that support the government coalition. The new party is holding out for full coalition partnership and an agreement between the parties (rather than parliamentary groups), hinting to the media that it may make a claim for a cabinet seat. The new party is also arguing to hold onto vice-minister posts, parliamentary committee chairs, and Seimas Speaker slot. Coalition Council meetings are planned for this week and should address the role of the Civil Democracy Party in the coalition.

A PARTY UNDER INVESTIGATION

[1](#)4. (SBU) The Labor Party that Muntianas and friends exited is currently under investigation. The State Security Department (VSD) and the Prosecutor General's Office searched the headquarters of the Labor Party on May 19, reportedly confiscating records and computers. The Prosecutor's Office stated that it is investigating suspicions that the Labor Party might have received kickbacks for funneling EU financial support to particular companies. Media

speculate that the VSD is also investigating information that the Labor party might have received funds from offshore companies with ties to Russia's special services. Loreta Grauziniene, the Labor Party's Deputy Chairperson, publicly accused law enforcement institutions of carrying out a political order. Gediminas Kirkilas, Social Democrat Defense Minister, told media that Labor should explain the situation to the coalition partners.

15. (SBU) Led by Prime Minister Brazauskas, the Coalition Council agreed on May 22 to keep on working together despite earlier statements from members expressing concern over the investigations. Labor Party support for party leader Uspaskich remains high. After the meeting, Labor announced it will not consider suspending the party leader's membership as the investigations continue.

OPPOSITION STRATEGY

16. (SBU) The Government, having already lost two ministers since its formation and with the departure of two more imminent, can withstand the loss of only three more ministers before Lithuanian law requires Parliament to dissolve the Government and identify a new prime minister. The opposition is targeting Health Minister Zilvinas Padaiga for his alleged failure to introduce health sector reforms, Finance Minister Balcytis for failing to lead Lithuania to the Eurozone on schedule (ref C), and Culture Minister Vladimiras Prudnikovas for conflict of interest. The opposition parties have declared support for a hearing to question Prudnikovas, and believe they have the 29 votes necessary to initiate the process. Conservatives are also discussing the possibility of initiating a vote of no-confidence in Prime Minister Brazauskas in June.

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PRESIDENT HOLDS OFF ON APPOINTING NEW MINISTERS
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17. (SBU) Meanwhile, President Valdas Adamkus has stated he will sign

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a decree to appoint Petras Vaitiekunas, Lithuania's ambassador to Belarus, as Foreign Minister in the near future, but the position remains open. The President has not yet declared his support for Loreta Grauziniene, elder of Labor parliamentary group, for the post of Labor Minister and canceled a May 22 scheduled meeting with her.

COMMENT

18. (SBU) The ruling coalition is on the ropes - a familiar spot, but one which it has escaped from in the past. Reduced to only 62 seats in Parliament, it needs the Civil Democracy group (with 12 MPs) more than that Party needs the coalition, and it will likely strike a deal quickly at least to regain a majority. The Labor Party's current vulnerability improves Civil Democracy's chance of bumping the formerQ candidate for Social Affairs Minister and holding on to all its other leadership positions. The opposition is on a roll, but, without enough seats to take over, they will do best to gather strength while the Government struggles.

KELLY